

**Senate Study Bill 1180 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON FEENSTRA)

**A BILL FOR**

1 An Act providing a sales tax refund for the sale of goods and  
2 services furnished in fulfillment of a written construction  
3 contract with a qualifying nonprofit hospital, and providing  
4 penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.4, Code 2017, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 12. *a.* For purposes of this subsection,  
4 "*designated nonprofit hospital*" means a nonprofit hospital  
5 licensed pursuant to chapter 135B that entered into a written  
6 construction contract on or after January 1, 2014, but prior to  
7 December 31, 2017, or that issued bonds to fund construction on  
8 or after July 1, 2014, but prior to December 31, 2017.

9 *b.* Beginning July 1, 2018, a designated nonprofit hospital  
10 in this state may make application to the department for the  
11 refund of the sales or use tax upon the sales price of all sales  
12 of goods, wares, or merchandise, or from services furnished to  
13 a contractor, used in the fulfillment of a written construction  
14 contract with the designated nonprofit hospital entered into on  
15 or after January 1, 2014, but prior to December 31, 2017. In  
16 order to qualify for the refund, the sale and delivery of the  
17 goods, wares, or merchandise, or the services furnished, must  
18 have occurred between January 1, 2014, and December 31, 2018,  
19 and must have been purchased directly by a contractor, or by a  
20 contractor as the agent for the designated nonprofit hospital,  
21 or directly by the designated nonprofit hospital.

22 *c.* Such contractor shall state under oath, on forms provided  
23 by the department, the amount of such sales of goods, wares, or  
24 merchandise, or services furnished and used in the performance  
25 of such contract, and upon which sales or use tax has been  
26 paid, and shall file such forms with the designated nonprofit  
27 hospital which has made any written contract for performance  
28 by the contractor.

29 *d.* On or after July 1, 2018, but not more than five  
30 years after final settlement has been made, the designated  
31 nonprofit hospital shall make application to the department  
32 for any refund of the amount of the sales or use tax which  
33 shall have been paid upon any goods, wares, or merchandise,  
34 or services furnished. The application shall be made in the  
35 manner prescribed by the department and upon forms provided by

1 the department. The department shall audit the claim and, if  
2 approved, issue a warrant to the designated nonprofit hospital  
3 in the amount of the sales or use tax which has been paid to the  
4 state of Iowa under the contract. However, for sales and use  
5 tax paid between January 1, 2014, and July 1, 2018, the total  
6 eligible refund shall be amortized equally over two calendar  
7 years, and the department shall issue one warrant each calendar  
8 quarter for eight calendar quarters until the total applicable  
9 refund amount has been issued.

10 e. Any contractor who willfully makes a false report of  
11 tax paid under the provisions of this subsection is guilty of  
12 a simple misdemeanor and in addition shall be liable for the  
13 payment of the tax and any applicable penalty and interest.

14 f. This subsection is repealed July 1, 2024.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with  
17 the explanation's substance by the members of the general assembly.

18 This bill authorizes the department of revenue (department)  
19 to refund certain sales and use tax paid for goods, or from  
20 services furnished to a contractor, used in fulfillment of  
21 a written construction contract with a designated nonprofit  
22 hospital entered into on or after January 1, 2014, but prior to  
23 December 31, 2017. The person eligible to receive the refund  
24 is the designated nonprofit hospital, as defined in the bill.

25 To qualify for the refund, the sale or delivery of the goods  
26 or the services furnished must have occurred between January  
27 1, 2014, and December 31, 2018, and must have been purchased  
28 directly by a contractor, or by a contractor as the agent  
29 for the designated nonprofit hospital, or directly by the  
30 designated nonprofit hospital.

31 The bill allows a designated nonprofit hospital to apply  
32 for the sales and use tax refund beginning July 1, 2018, on  
33 forms provided by the department. For sales and use tax paid  
34 between January 1, 2014, and July 1, 2018, the total eligible  
35 refund shall be amortized equally over two calendar years, and

1 the department shall issue one warrant each calendar quarter  
2 for eight calendar quarters until the total applicable refund  
3 amount has been issued.

4 A contractor that has a written contract with the designated  
5 nonprofit hospital is required to provide information under  
6 oath to the designated nonprofit hospital regarding the amount  
7 of goods or services used in performance of the contract and  
8 upon which sales or use tax has been paid. A contractor  
9 who willfully makes a false report is guilty of a simple  
10 misdemeanor and is liable for the payment of the tax and any  
11 applicable penalty and interest. A simple misdemeanor is  
12 punishable by confinement for no more than 30 days or a fine of  
13 at least \$65 but not more than \$625 or by both.

14 The refund is repealed July 1, 2024.